



Department of State

P810145-0409

TELEGRAM

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S/S-O:TRREYNDERS:EO  
7/7/80 22466  
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ROUTINE

ALBAC

CFR REPORT, INFORM CONSULS, CINC/SHAPE FOR POLADS ONLY

E.O. 12065: GDS 7/7/86 {REYNDERS, THOMAS R.}

TAGS: XX, US

SUBJECT: {U} CURRENT FOREIGN RELATIONS, ISSUE NO. 28,  
JULY 9, 1980

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{NOTE: THE CFR OF JULY 2, 1980, SHOULD HAVE BEEN ISSUE NO. 27.}

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1. {U} EUR - AFTERMATH OF SCHMIDT-BREZHNEV DISCUSSIONS IN MOSCOW

{U} FRG CHANCELLOR HELMUT SCHMIDT AND FOREIGN MINISTER GENSCHER RETURNED FROM THEIR MOSCOW TALKS WITH BREZHNEV, KOSYGIN, AND GROMYKO (ONE SESSION INCLUDED DEFENSE MINISTER USTINOV AND MARSHAL OGARKOV) SATISFIED WITH HAVING REINVIGORATED THE EAST-WEST DIALOGUE. IN A JULY 3 SPEECH TO THE BUNDESTAG REPORTING THE RESULTS OF THE TRIP, SCHMIDT CHARACTERIZED THE TALKS AS INTENSE, PARTICULARLY ON THE SUBJECT OF AFGHANISTAN, WHERE THE VIEWS OF THE TWO SIDES WERE MOST SHARPLY AT ODDS.

{U} CONCERNING AFGHANISTAN THE GERMANS STRESSED THE IMPORTANCE OF THE EXPLORATORY INITIATIVES BEING UNDERTAKEN BY THE ISLAMIC STATES. THE SOVIETS CLAIMED THEY HAD WITHDRAWN SOME OF THEIR TROOPS AND THE GERMANS RESPONDED BY LABELING THIS AS "A STEP IN THE RIGHT DIRECTION ONLY IF IT WERE THE BEGINNING OF A CONTINUOUS MOVEMENT LEADING TO COMPLETE WITHDRAWAL." AT THE END OF THE TALKS FRG-SOVIET DIFFERENCES ON AFGHANISTAN REMAINED UNRESOLVED, BUT BOTH SIDES AGREED IN THE JOINT COMMUNIQUE ON THE "NEED FOR A POLITICAL SOLUTION AT THE EARLIEST POSSIBLE TIME."

{U} IN A BRIEF ASIDE FROM HIS MOSCOW REPORT SCHMIDT PRAISED FRENCH PRESIDENT GISCARD D'ESTAING FOR HIS ANNOUNCEMENT OF THE FRENCH INTENTION TO DEVELOP THE ENHANCED RADIATION WARHEAD (NEUTRON BOMB) WITH AN OBLIQUE REFERENCE TO "A DECISION THAT, IN MY VIEW, SERVES THE MAINTENANCE OF THE MILITARY BALANCE JUST AS DOES THE NATO TNF DECISION."

{U} SCHMIDT SAID HE HAD REJECTED IN MOSCOW BREZHNEV'S CONTENTION THAT PRESIDENT CARTER WAS STALLING ON THE RATIFICATION OF SALT II, TELLING THE SOVIETS THAT CARTER REMAINED UNEQUIVOCALLY COMMITTED TO THE TREATY'S EVENTUAL RATIFICATION. BREZHNEV RESPONDED THAT THE SOVIETS WOULD NOT BE PREPARED TO BEGIN NEGOTIATIONS ON SALT III UNTIL THE FATE OF SALT II HAD BEEN CLARIFIED.

{U} WITH RESPECT TO TNF, SCHMIDT EXPRESSED CONCERN ABOUT THE SS-20 MISSILES AND BACKFIRE BOMBERS. BREZHNEV AND MARSHAL OGARKOV MAINTAINED THE SOVIETS HAD NOT CAUSED ANY CHANGE IN THE THEATER BALANCE, ARGUING THAT THE SS-20 INCREASED NEITHER THE NUMBER OF MISSILES NOR THE TOTAL EXPLOSIVE POWER OF SOVIET TNF. SCHMIDT

(U) IMMEDIATELY FOLLOWING THE VISIT, FOREIGN MINISTER GENSCHER AND STATE SECRETARY VAN HELL FLEW TO WASHINGTON TO BRIEF PRESIDENT CARTER, SECRETARY MUSKIE AND SENIOR US FOREIGN POLICY FIGURES ON THE RESULTS OF THE TALKS. THE USG RESPONSE HAS BEEN TO STUDY CAREFULLY AND CONSTRUCTIVELY THE SOVIET REACTION. WE NOTE THE SOVIETS DROPPED THEIR PRECONDITION THAT NATO SUSPEND ITS DECEMBER '79 DECISION BEFORE TNF TALKS COULD BEGIN. THIS MAY INDICATE POSSIBLE SOVIET MOVEMENT TOWARD THE US PROPOSAL FOR PRELIMINARY EXCHANGES IN TNF WITHOUT PRECONDITIONS, LOOKING TOWARD FORMAL NEGOTIATIONS IN THE SALT III FRAMEWORK. WITH RESPECT TO THE INCLUSION OF US FBS IN TALKS ON TNF, HOWEVER, THE US POSITION, BASED ON THE NATO DECEMBER DECISION, REMAINS THAT "LIMITATIONS RESULTING FROM THE FIRST STAGE OF ARMS CONTROL INVOLVING TNF SHOULD APPLY TO LONG-RANGE, LAND-BASED MISSILES AND NOT AIRCRAFT, EXCEPT THAT BACKFIRE SHOULD BE LIMITED IN AN APPROPRIATE MANNER."

(U) WITH RESPECT TO THE PROBLEM OF BELGIAN CONFIRMATION OF THEIR ACCEPTANCE OF GROUND-LAUNCHED CRUISE MISSILES (GLCM) DEPLOYMENTS, WE AND THE NATO ALLIES ALL AGREE THAT WHATEVER MOVEMENT IN THE SOVIET POSITION THE SCHMIDT MISSION TO MOSCOW HAS REVEALED IS THE RESULT OF SOVIET COMPREHENSION OF THE FIRMLINESS OF THE ALLIANCE DETERMINATION TO MOVE FORWARD WITH IMPLEMENTATION OF ITS DECEMBER DECISION. THE MOST APPROPRIATE COURSE FOR BELGIUM WOULD THEREFORE BE TO CONFIRM AS SOON AS POSSIBLE ITS ACCEPTANCE OF GLCM DEPLOYMENTS RATHER THAN DELAYING ANY FURTHER.